

RALEIGH-DURHAM AIRPORT AUTHORITY

MINUTES

September 25, 2003

Chairman Clancy presided. Present: Members Gibbs; Sanders; Teer and Weeks. Absent Members Toler; Winston and Zaytoun. Also present: Airport Director Brantley; Deputy Director, Finance Business & Administration Gill; Deputy Director, Facilities Engineering & Maintenance Pittman; Major Capital Improvements Program Director Powell; Customer Service & Organizational Director Damiano; Finance Director Barritt; Administration Director Umphrey; Senior Program Manager Edmondson; Senior Program Manager Quesenberry; Program Manager Cayton; Communications Manager Hamlin; Communications Specialist Dunton; Business Development Officer Hairston; Emergency Services Manager Thompson; Information Technology Manager Schiller; Maintenance Manager Fulp; Parking Director Scialdone; Assistant Law Enforcement Manager Tippet; Transportation Supervisor Kiser; Facilities Engineering Manager Jewett; Operations Officer Snead; Ground Transportation Manager Nye; Information Technology Specialist Casanova; Network Administrator King; Assistant Emergency Services Manager Lewis; Employee Development Supervisor Bell; Employee Development Officer Harleston; Parking Administration Manager Slayton; Executive Assistant Mitchell; and Attorney Tatum.

Guests: Former Authority Member David Lane; Charles Case, Esq., Hunton & Williams; Charles McCloskey, Parsons Transportation Group; Howard Harmon, The Paradies Shops; Mark Latu, AmeriSuites; Mark Williard, Mark Williard & Associates, PA; Dominic Orlando and Earl Fowler, Raleigh Fire Department; Dan Jones, Chapel Hill Fire Department; Chris Baysden, Triangle Business Journal; Bruce Sicheloff, The News & Observer.

PRESENTATION - Former Authority Member David Lane was presented with a framed resolution of the Authority and an engraved nameplate by Chairman Clancy in honor of Mr. Lane's membership on and service to the Authority from 2001 through 2002.

APPROVAL OF AGENDA – There were no changes to the agenda, and it was approved as submitted.

APPROVAL OF MINUTES – There were no changes to the minutes of the August 21, 2003 meeting. Member Weeks moved, seconded by Member Teer, their approval as submitted. Adopted.

CHAIRMAN'S COMMENTS – Chairman Clancy reported that he and four other members of the Board attended the Airports Council International-North America Annual Conference in Tampa from September 14-17, 2003. He thought the conference was useful, and he was interested in learning how other airports are trying to attract services that RDU already has. The session on airport revenues was very interesting to him.

OPERATIONS COMMITTEE REPORT – Member Weeks reported the Committee met on September 25, 2003 and discussed the following items:

1. Consideration of a proposed lease agreement with JQ Enterprises for operation of a bar and grill facility in the new General Aviation Terminal Building. Business Development Officer Hairston reported on the terms of a proposed lease agreement with JQ Enterprises. The agreement is for approximately 1,200 s.f. of space located on the second floor of the General

Aviation Terminal building to be used in providing food/beverage service, on- and off-airport catering, and snack and beverage vending machines. The term of the agreement is 12:01am local time on the Date of Beneficial Occupancy through 11:59pm local time on January 31, 2013. The DBO will coincide with the opening of the General Aviation Terminal building. The fixed rent is a minimum annual guarantee (MAG) equal to 70% of the annualized rent paid during the previous lease year, which amount will adjust on the first day of each lease year. The MAG will never be less than the annualized MAG for the second lease year. The minimum annual guaranteed rent will commence on the first day of the second lease year. Percentage rent will be ten percent (10%) of the gross restaurant and catering revenues and seven percent (7%) of the gross vending machine revenues received. Percentage rent will not be charged on gross revenues received by the concessionaire during the first six months of operation. If the concessionaire offers off-airport catering during the first six months of operation, it will pay percentage rent on all off-airport catering. Following this six-month period of abatement, concessionaire will pay percentage rent on all gross revenues received. J.Q. Enterprises is a 100% DBE firm. J.Q. Enterprises currently operates as a subtenant to Anton Airfood in Terminal A, where it operates the Town Square Market food court, which houses the Golden Corral Airport Express, A&W All American Food and Jump Asian Cuisine units. The Committee recommended approval of the proposed lease agreement with J.Q. Enterprises.

Member Sanders made a motion, seconded by Member Gibbs, to approve the proposed lease agreement with J.Q. Enterprises for operation of a bar and grill facility in the new General Aviation Terminal building
 .
 Adopted.

2. Consideration of a proposed lease agreement with CheckPoint Mailers, Inc. for operation of personal items mail-back service at security checkpoints. Business Development Officer Hairston reported on a proposed lease agreement with CheckPoint Mailers, Inc. for four square feet of space adjacent to each security checkpoint for use in a personal items mail-back service. The service permits travelers carrying items that the TSA will not allow to pass through the security checkpoint to mail the items to an alternate address using the mail service provided by the concessionaire. The term is October 1, 2003 through September 30, 2008 with no renewals. The fixed rent is \$100 per month. Percentage rent is ten percent (10%) of gross revenues. There is no DBE participation goal. The concessionaire has operated the personal items mail-back service at the security checkpoints in Terminals A and C on a trial basis since May 2003. The service has been well received by travelers and the TSA. On average, 500 items are mailed each month. CheckPoint Mailers is duplicating this service at 15 airports across the country. The Committee recommended approval of the proposed lease agreement with CheckPoint Mailers, Inc.

Member Sanders made a motion, seconded by Member Teer, to approve the proposed lease agreement with CheckPoint Mailers, Inc. for operation of a personal items mail-back service at the security checkpoints in the terminals.
 Adopted.

LAW, FINANCE & PERSONNEL COMMITTEE REPORT – Member Sanders reported the Committee met on September 25, 2003 and discussed the following items:

Consideration of establishing a capital project and project budget for Terminal C Bag Claim Area Ceiling Repairs, RDU #070419. Deputy Director, Facilities Engineering & Maintenance Pittman requested establishment of a new capital project and project budget for Terminal C Bag

Claim Area Ceiling Repairs. This project involves recently discovered structural problems with the metal and gypsum board structures above the ceiling of the Terminal C baggage claim area (between the ceiling and the second floor) which enclose the conveyors that transport baggage from the sidewalk check-in stations and the ticket counters to the outbound bag sorting area. The Wake County building inspectors required installation of these enclosures near the end of the original building construction to contain smoke and prevent it from mixing with return air in the event of a fire on or around the bag conveyors. Over the past 15 years the enclosures have begun to disintegrate and sag, displacing the ceiling in several places, due to vibration, deformation of the gypsum board, and abuse/misuse, particularly when clearing bag jams. The enclosures do not meet current building code requirements, and repairing them would necessitate bringing them into compliance with the current code. In the interest of public safety, one area of the baggage claim section currently is barricaded, and safety scaffolding has been placed in a second area to support the ceiling in the event the enclosure support structure was to fail completely. The building's original Structural Engineer, GKC Associates, with the assistance of Edmondson HVAC Engineers, evaluated all options for removing/replacing the conveyor enclosures and making necessary modifications to the return air system in the baggage claim section. There is a pressing need to rapidly move ahead with the repair work in order to complete it prior to the Thanksgiving Holiday. Staff has recommended, and Attorney Tatum concurs, that the work be designated as an emergency project. Due to the Engineer's estimated cost of construction, informal bids will be obtained from selected contractors using schematic-level drawings for estimating purposes. The Engineer's preliminary construction cost estimate is \$215,000. Costs for temporary shoring and engineering work, to this point, have been charged to the Terminal C complex and will be transferred to the project upon establishment. The Committee recommended establishment of a new capital project, Terminal C Bag Claim Area Ceiling Repairs, RDU #070419, with a budget of \$300,000.

Member Sanders made a motion, seconded by Member Weeks, to establish a new capital project, Terminal C Bag Claim Area Ceiling Repairs, RDU #070419, with a budget of \$300,000. Adopted.

2. Consideration of a proposed general salary adjustment for all employees except the Airport Director to be effective October 5, 2003. Deputy Director, Finance, Business & Administration Gill reported the results of the annual salary market review. The Authority conducts a labor market comparability study or review each year to ensure that the salary ranges for all position classifications are competitive with those of other local governmental entities. The Counties of Durham, Orange and Wake did not adjust their salary schedules in 2003. The Town of Chapel Hill implemented a 3% salary schedule adjustment effective October 1, 2003. The City of Durham instituted a 2% increase effective January 1, 2004. The City of Raleigh awarded a 1.5% increase effective on each employee's anniversary date. The Town of Cary implemented a 2% salary schedule adjustment on July 1, 2003. The Committee recommended that the Authority salary schedule be adjusted upward by 1.5% effective October 6, 2003, which is the beginning of a pay period.

Member Weeks made a motion, seconded by Member Teer, to approve a general salary adjustment of 1.5% for all employees whose salaries are set on the Authority salary schedule effective October 6, 2003. Adopted.

3. Consideration of a possible increase in the Passenger Facility Charge from \$3.00 to \$4.50 and of redirecting PFC revenues from certain airfield projects to redevelopment and expansion of Terminal C. Deputy Director, Finance, Business & Administration Gill reported that collection of the \$3.00 Passenger Facility Charge (PFC) began May 1, 2003. The PFC collections were originally set with the intent that the funds would be earmarked only for specific airfield projects. Now that the original plans for redevelopment of Terminal C have been revised, funding that project is an issue. Staff requested preliminary approval to move forward with the necessary steps to increase the current PFC from \$3.00 to \$4.50. The adjustment would increase the Authority's revenue stream by an additional \$4.5M year. The revenues could then be redirected from certain airfield construction to eligible portions of the terminal redevelopment (i.e., public aspects of the project). Approximately 70% of the terminal redevelopment project may be eligible. If the Authority does not take action to increase the PFC from \$3.00 to \$4.50, funding of the Terminal C redevelopment project could be severely impacted. The analysis and process takes approximately six (6) months to complete. If approved, the \$4.50 PFC would not be implemented until mid 2004. The Committee recommended preliminary approval of an increase in the Passenger Facility Charge from \$3.00 to \$4.50 and that PFC revenues be redirected from certain airfield projects to redevelopment and expansion of Terminal C.

Member Sanders made a motion, seconded by Member Weeks, that the Authority proceed with preparations to increase the Passenger Facility Charge from \$3.00 to \$4.50 and redirect PFC revenues from certain airfield projects to redevelopment and expansion of Terminal C. Adopted.

LAND & DEVELOPMENT COMMITTEE REPORT – Member Teer reported the Committee met on September 25, 2003 and discussed the following items:

1. Consideration of a proposed Change Order with Archer Western Contractors, Ltd. for Parking Garage 4/Airline Cargo & Warehouse Buildings, RDU #070319. Facilities Program Manager Quesenberry reported on Change Order No. 11 with Archer Western Contractors, Ltd. for Parking Garage 4 and Airline Cargo & Warehouse Buildings. The change order covers modifications to the fire alarm system for elevators as directed by the State elevator inspector; reconciliation of estimated quantities (paid at contract unit costs) for drilled piers to reflect actual quantities in-place; upfitting an area of the existing pedestrian tunnel to Terminal A to accommodate pay stations and a central cashier station; revisions to structural work elements; revisions to roadway signs and other signs, and other minor revisions to the work in the contract. The Change Order increases the contract amount by \$484,489 from \$106,090,636 to \$106,575,125. No change in contract time is authorized by this change order. The Committee recommended approval of Change Order No. 11 with Archer Western Contractors, Ltd. in the amount of \$484,489.
2. Consideration of bids received September 4, 2003 for sandblasting and repainting the structural steel of the two Taxiway E bridges, an element of Airport Structures Condition Inspection & Evaluation, RDU #080429. Deputy Director, Facilities Engineering & Maintenance Pittman reported on the bids received for sandblasting and repainting the structural steel of the two Taxiway E bridges. The project consists of surface preparation and re-coating of steel beams underneath the bridges. The bridges have been coated twice before -- during their original construction in 1989 and again in 1995 due to coating breakdown. The coating consultant, S&ME, has determined in a condition assessment that the majority of the existing topcoat has lost

adhesion, and the primer has broken down throughout. In preparing bid documents for the current project, staff followed S&ME's recommendation for surface preparation and application of a three-coat finish in order to realize the maximum benefit for the cost. Due to the wide range of cost estimates presented by the coating consultant, the bid proposal was crafted to obtain quotes for the two bridges let as one project, the Base Bid, and also quotes for each separate bridge so the Authority would have the necessary options to fit the work to the budget. The bids received represent a wide range of costs, with the low bid being \$240,414. The Engineer's estimate for the work was \$507,615. Since the bulk of the bids were clustered nearer the Engineer's estimate, staff immediately began the bid verification process. Staff determined that the low bidder intentionally placed a low bid to increase their chance of winning the work. Staff thoroughly discussed the technical aspects of the work and the qualifications required with the low bidder. Staff checked references where the company had performed similar work and confirmed the attention to quality and schedule for which the low bidder is known. Considering all of the above, the low bidder is considered capable of performing the work. The Committee recommended acceptance of the low bid and award of a contract in the amount of \$240,414.00 to McKenzie Painting.

3. Consideration of a staff recommendation for selection of a consultant to provide professional services for Geographic Information System (GIS) Implementation, RDU #010559. Deputy Director, Facilities Engineering & Maintenance Pittman reported the staff recommendation on selection of a firm for the GIS Utility Inventory work. This project entails the translation, migration and/or verification of existing digital data while integrating that digital data with the appropriate attributes using industry standards, and the field collection of utility data using either survey grade or mapping grade accuracy. The project is divided into two parts: the Work Plan and Data Migration & Field Surveying. Services to be provided during the Work Plan are anticipated to include the construction of data models based on industry standards, General Accounting Standards Board requirements and RDU objectives. The firm will also develop a data management process, a detailed methodology for continual maintenance of RDU digital data. The firm will then develop a plan of action for migrating the existing and collected field data into the GIS, ranking and attributing the data, with cost, for each individual utility. The contract with the selected firm will be executed for a one-year period with two additional one-year renewals at the option of the Authority. The Request for Proposals was issued to 194 firms. There was no DBE goal, although DBE participation was encouraged. Based upon review of the proposals submitted, Camp Dresser & McKee, S&B, HNTB North Carolina and URS Corporation were selected for further consideration. Interviews were conducted on August 6, 2003. Following the interviews, the selection committee ranked the firms as follows: 1) Camp Dresser & McKee; 2) HNTB North Carolina; and 3) URS Corporation. Based on review of the proposals, including responsiveness to the stated requirements, qualifications and experience of the proposed project manager; the firms' sub-consultants; previous experience on similar projects; perception of and approach to the project; staff concluded that CDM presents the team that most closely meets the requirements of the work. The Committee recommended that staff be authorized to initiate contract negotiations with Camp Dresser & McKee to provide professional services for GIS Utility Inventory work

4. Consideration of a Change Order with Rifenburg Construction, Inc. for construction of an MSE retaining wall as a part of North Ramp General Aviation Area Redevelopment, RDU #080339. Deputy Director, Facilities Engineering & Maintenance Pittman reported on Change

Order No. 2 with Rifenburg Construction for construction of a mechanically stabilized earth (MSE) retaining wall at the intersection of International Drive and Executive Drive. Water infiltration from unknown source areas is migrating to the current earth slope and has twice caused failures to date. This water has been determined to be traveling between the fill layer, constructed during the first phase of the general aviation area redevelopment project, and the in situ material. This migration was not considered a possibility during design, and no evidence pointed to its probability. The installation of the proposed MSE wall permanently remedies the slope failure problem. Further delay in performing this work could lead to severe undermining of the existing port-a-port hangars and aircraft apron. This MSE wall joins two existing retaining walls of similar type. One existing wall runs along International Drive and the other along Executive Drive. Both were installed in the initial phase of the redevelopment project. Like the existing walls, this new section features a paved ditch and inlets to capture runoff from the fill slope. The construction also includes installation of an underground drainage system to remove the ground water from the embankment. The original budget amount for this portion of the redevelopment project is \$20,868,660. Current obligations, including design, construction and administrative costs, total \$20,003,408. Therefore, the remaining budget for this project is \$865,252. The new total obligation for the project will be \$20,495,458, and the budget remaining will be reduced to \$373,202. Total compensation to the contractor for the work under this change order is \$492,050, of which \$313,914 will be paid with FAA AIP Grant 23 funds originally designated for the second phase of the redevelopment project, but allowed by the FAA to be used within the third phase of the project. The Committee recommended approval of Change Order No. 2 with Rifenburg Construction, Inc. for construction of an MSE retaining wall as part of the North Ramp General Aviation Area Redevelopment project in the amount of \$492,050.

5. Consideration of bids received September 17, 2003 for Terminal C Bag Claim Area Ceiling Repairs, RDU #070419. Facilities Engineering Manager Jewett reported on the bids received for the Terminal C Bag Claim Area Ceiling Repairs. Staff recommended, and Attorney Tatum concurred, that the work be designated as an emergency project. Due to the Engineer's estimated cost of the construction, informal bids were obtained from selected contractors using schematic-level drawings for estimating purposes. The Engineer's preliminary estimate for the work was \$215,000. Two bids were received from Romeo Guest Construction Company, Inc. of Greensboro at \$251,533 and Patriot Building Company of Chapel Hill at \$188,500. The Committee recommended acceptance of the low bid and award of the contract in the amount of \$188,500 to Patriot Building Company.

6. Consideration of a staff recommendation for selection of a consultant to provide professional services for Cargo Building 4 Repairs, RDU #070409. Facilities Engineering Manager Jewett reported the staff recommendation on selection of a firm to provide engineering services in connection with waterproofing efforts at Cargo Building 4. It is anticipated that the repairs will consist primarily of roof repairs and sealing and re-coating of the wall panels. Services to be provided include condition assessment of the existing roof and walls, presentation of repair options and an opinion of costs, assistance in programming the necessary repairs, creation and distribution of bid documents to appropriate contractors, potential assistance in the prequalification of contractors, assistance in bidding, construction administration and periodic construction inspection. Notification of the Request for Proposals was made to all local firms with the appropriate expertise and posted on the Authority's website. Three firms submitted proposals: EDA; Stafford Consulting Engineers and Rooftop Systems Engineers. Staff interviewed all three

firms on August 4, 2003 and ranked them as follows: 1) Rooftop Systems Engineers; 2) Stafford Consulting Engineers, and 3) EDA. Based on review of the proposals, including responsiveness to the stated requirements, qualifications and experience of the proposed project manager and other key personnel, previous experience on similar projects, perception of and approach to the project, and results of the interviews, staff concluded that Rooftop Systems Engineers most closely meets the requirements of the work. It is expected that the cost of design through bid documents will be under \$30,000. The Committee recommended that staff be authorized to initiate contract negotiations with Rooftop Systems Engineers to provide professional services for Cargo Building 4 Repairs.

Member Sanders made a motion, seconded by Member Weeks, to approve the recommendations of the Land & Development Committee. Adopted.

PRESENTATION – The Authority received a presentation by Chief Earl Fowler of the Raleigh Fire Department and architect Mark Williard on proposed development of a regional fire-training center on Airport property west of Pleasant Grove Church Road. The local governmental units in the region are looking for space on the Airport to develop the training facility under an agreement similar to the one the Authority currently has with Wake County for use of the property on which the County developed Lake Crabtree County Park. If the facility is built, the Authority's Emergency Services staff will be able to take advantage of it for training purposes. The Regional Fire Training Center would serve the four (4) Triangle Region municipal fire departments (Cary, Chapel Hill, Durham and Raleigh), Raleigh-Durham Airport Crash/Fire/Rescue, and the other fire departments in the three surrounding counties (Durham, Orange and Wake) and their respective volunteer fire units. The common goals of all participants include: (i) building a specialized facility that will help to standardize the Triangle Region's training programs and establish a more centrally located training facility; (ii) creating a Regional Recruit Training Academy from which all participating agencies may hire; (iii) maintaining a classroom setting for both continuing education and college degree programs offered through the local community college as well as institutions of higher education; and (iv) providing a service to private industry for fire brigade training as well as the classroom facilities.

Member Teer made a motion, seconded by Member Gibbs, to concur in the concept of the project as presented and to authorize staff to continue to work with the municipalities and fire units as they plan and further develop the idea and define the details of the proposed project. Adopted.

MEMBERS COMMENTS/REPORT – Member Weeks congratulated Member Sanders on passing the North Carolina Bar Exam.

GENERAL COUNSEL'S REPORT – Attorney Tatum requested an Executive Session at the end of the meeting to discuss a property acquisition matter.

AIRPORT DIRECTOR'S REPORT –

- Enplaned passengers for August 2003 totaled 342,706 versus 378,158 for August 2002 for a 9.4% decrease. Year-to-date 2003 enplaned passengers totaled 2,609,762 versus 2,905,362 for year-to-date 2002 for a 10.2% decrease.
- Deplaned passengers for August 2003 totaled 351,212 versus 381,473 for August 2002 for a 7.9% decrease. Year-to-date 2003 deplaned passengers totaled 2,617,879 versus 2,905,241 for year-to-

date 2002 for a 9.9% decrease.

- Enplaned air cargo for August 2003 totaled 8,257,370 pounds versus 8,501,347 pounds for August 2002 for a 2.9% increase. Year-to-date 2003 enplaned air cargo totaled 61,273,524 versus 65,453,793 for year-to-date 2002 for a 6.4% decrease.
- Deplaned air cargo for August 2003 totaled 10,589,199 pounds versus 11,248,238 pounds for August 2002 for a 5.9% decrease. Year-to-date 2003 deplaned air cargo totaled 79,207,380 versus 82,131,913 for year-to-date 2002 for a 3.6% decrease.
- Weekday scheduled flight departures for August 2003 totaled 212 versus 220 for August 2002 for a 3.6% decrease.
- Aircraft operations for August 2003 totaled 18,990 versus 20,608 for August 2002 for a 7.9% decrease. Year-to-date 2003 aircraft operations totaled 146,976 versus 164,399 for year-to-date 2002 for a 10.6% decrease.
- The number of vehicles exiting the terminal area public parking lots during August 2003 totaled 176,499 versus 175,923 for August 2002 for a 0.3% increase. The year-to-date 2003 number of vehicles exiting the terminal area public parking lots totaled 1,270,405 versus 1,336,029 for year-to-date 2002 for a 4.9% decrease.
- The number of taxicab trips taken during August 2003 totaled 12,722 versus 10,845 during August 2002 for a 17.3% increase. The year-to-date 2003 number of taxicab trips totaled 97,448 versus 91,648 for year-to-date 2002 for a 6.3% increase.
- Load factors for August were not as good as in July due to a decrease in vacation travelers once the school year started. The enplaned passenger load factor dropped 0.5% while the deplaned passenger load factor increased 0.7% from August 2002 to August 2003. The loss of seats dropped to 9% after being in the 14%-17% range since February.
- The Department of State postponed until October 2004 the date by which international passengers without visitor visas from countries for which such visas are waived will be required to have machine-readable passports. This action should help encourage people to continue visiting the U.S.
- WHSmith Company, which is one of our retail merchandise concessionaires, was sold last week to The Hudson Group. WH Smith currently has three newsstand locations at RDU. The Authority's lease agreement with WH Smith requires the Authority to approve any proposed assignment. Staff may recommend the Authority not consent to assign the lease to Hudson and, if requested by WH Smith, to agree to terminate the lease. The operations WH Smith has at RDU are a minority in terms of number and revenue and have not been the best operations. The stores have not generated the unit revenues that Paradies' similar stores generate.
- One of the Visitor Services volunteer Ambassadors, who is a teenager, received an award from Durham Mayor Bill Bell for contributing 100 hours of service at RDU this summer.

- Congress has just approved the Conference Report on the Department of Homeland Security Appropriations Bill for Fiscal Year 2004, and the legislation has gone to President Bush for signature. One component is funding that can be used for development of in-line security screening systems at airports. The TSA is issuing letters of intent to airports to provide funding for that purpose. RDU will seek to secure funding from the TSA to cover the costs of the baggage make up area and the in-line screening system that will be installed in the Terminal C redevelopment project.
- Hurricane Isabel made landfall on North Carolina's eastern coastline on September 18, 2003. The Airport fared very well and sustained minimal damage. Only a few ornamental trees were damaged.

Member Sanders made a motion, seconded by Member Gibbs to go into Executive Session.

Member Weeks made a motion, seconded by Member Gibbs to return to Open Session.

ADJOURNMENT - There being no further business, Chairman Clancy adjourned the meeting.

Respectfully submitted,

Stephen K. Zaytoun, Secretary

CORRECT ATTEST:

David T. Clancy, Chairman